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C O N F I D E N T I A L SECTION 01 OF 02 AMMAN 004416

SIPDIS

SENSITIVE

OPIC FOR WILLIAMS/KIWAN
TREASURY FOR OASIA -- ABIGAIL DEMOPULOS

E.O. 12958: DECL: 07/16/2013

TAGS: [EFIN](#) [EINV](#) [JO](#)

SUBJECT: GOJ RECEIPTIVE TO OPIC SOVEREIGN DEBT FACILITY

REF: A) AMMAN 3988 B) AMMAN 0332

CLASSIFIED BY ECON IAN CAMPBELL EO 12959 REASONS 1.5 B AND D

11. (C) SUMMARY: OPIC Director for Insurance for Africa and the Middle East Jim Williams and Citibank executives met with King Abdullah, GOJ officials, and representatives of Bechtel July 13 to discuss potential OPIC support for a variety of infrastructure projects in Jordan. While a number of potential projects were discussed, a plan to enhance port and tourist facilities in the Aqaba Special Economic Zone (ASEZA) seemed to garner the most interest from the King and the GOJ in matching OPIC products to Jordan's current needs. Accordingly, a proposal from ASEZA project manager Bechtel that draws on OPIC's Nonhonoring of Sovereign Guarantee Insurance partnered with competitive financing offered by Citibank and assuages an impatient King eager to see progress in Aqaba should be before the Cabinet by the first week of August. END SUMMARY

FINANCING NOT TIED TO U.S. PROCUREMENT

12. (SBU) Following up on interest expressed by the GOJ during discussions held in January (REF B), Williams, Citigroup Vice Chairman for Corporate and Investment Bank Anthony Nelson, and Citibank Jordan CEO Suhair al-Ali held a series of meetings July 13 with various GOJ officials, including King Abdullah, Minister of Planning Awadallah, Minister of Water Nasser, and ASEZA Chief Biltaji. The purpose of the meetings, which also included representatives of Bechtel, was to discuss possible OPIC support for a variety of projects in Jordan. Along the lines of the January meetings, the talks focused on OPIC's political risk program, especially its "Nonhonoring of Sovereign Guarantee Insurance," a new OPIC product. Eligibility for the insurance is predicated on the provision of at least 25% project financing by a U.S. bank, hence the participation of Citibank, the only U.S. bank in Jordan.

13. (SBU) While the facility could provide up to \$400 million for infrastructure projects in the Kingdom, there is a per project limit of \$250 million. The package, jointly offered by Citibank and OPIC, would include up to fifteen year financing, low U.S. Treasury rates, and AAA pricing with narrow spreads (U.S. Treasury plus 100 basis points). The package is not tied to U.S. procurement.

GET MOVING ON AQABA

14. (C) Accompanied by Ambassador Gnehm, Williams and the Citigroup team met with King Abdullah, Royal Court Minister Faisal Fayez, and Minister Awadallah. Williams said he thought the King was enthusiastic about the opportunity provided by the OPIC product. He added that, during a discussion about possible applications of the financing for Aqaba development, the King registered his impatience with Bechtel, Master Developer and Contractor for the ASEZA, and said "they have to move things along".

15. (SBU) Williams said Awadallah was "championing", within the GOJ, Citibank project financing that made use of the OPIC sovereign debt insurance. While a number of projects were discussed that were candidates for such an arrangement, Aqaba development emerged as a priority. Williams said there were two pre-requisites for Citibank to get a mandate to go forward. Bechtel has two weeks to provide the details (scope, financial projections, etc.) for whatever projects it is recommending for Aqaba. In addition, the Cabinet needs to authorize the formation of the Aqaba Development Company, which would be the privatized entity responsible for the contracting of future development projects within the Zone.

16. (SBU) Williams noted that Minister of Finance Marto, who had previously expressed concern that the IMF might consider the OPIC insurance part of Jordan's sovereign debt (REF B),

was not in attendance in any of the meetings, giving rise to disappointment and concern on the part of Citibank. However, Ministry of Finance Secretary General Hammour attended a meeting with the team at the Ministry of Planning, and seemed "receptive and open" to the proposal.

COMMENT

17. (C) While the GOJ will certainly give strong consideration to reservations held by the IMF and other like-minded institutions regarding Jordan's taking on something that may resemble additional sovereign debt, it appears as though momentum within the GOJ currently favors the Citibank facility insured by OPIC. At the end of the day, the support of the King, impatient for discernible progress on the Aqaba development front and on financial terms some of his advisors see as favorable, may seal the deal.

HALE